

**CALENDAR ITEM
C41**

A 10,11

S 4,7

12/16/02
PRC 731.1
PRC 1558.1
PRC 2757.1
PRC 3453.1
N. Smith

ASSIGNMENT OF LEASE

LESSEE/ASSIGNOR:

Ultramar, Inc.
Attn: Ms. Diane Sinclair
6000 N. Loop 1604 W
San Antonio, Texas 78269-6000

ASSIGNEE:

Tesoro Refining and Marketing Company
PO Box 630
Martinez, California 94553

BACKGROUND:

Ultramar, Inc. currently has several leases with this office, of which four are the subject of this calendar item. On May 16, 2002, Ultramar sold four of their leaseholds to Tesoro Refining and Marketing Company (Tesoro). These leaseholds include, Amorco marine terminal in the Carquinez Strait, in the city of Martinez (PRC 3453.1); Diablo terminal in New York Slough, in the city of Pittsburg (PRC 2757.1); and two leases appurtenant to the Golden Eagle Refinery to provide a water supply from Pacheco Creek (PRC 731.1 & 1558.1).

Tesoro Refining and Marketing Company is a wholly owned subsidiary of Tesoro Petroleum Corporation. Tesoro Petroleum Corporation unconditionally guarantees the full performance by Tesoro Refining and Marketing Company obligations under the leases and staff has determined that they have the financial ability to carry out the terms of the leases.

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The Diablo terminal lease PRC 2757.1 is presently in a holdover month-to-month tenancy. The lease remains under the terms and conditions of the existing lease until the Commission approves a new lease.

Lessee/Assignor will not be released from their obligations and responsibilities for performance under the covenants and conditions agreements of the leases.

CONSIDERATION:

PRC 731.1

\$225 for the term of the lease.

PRC 1558.1

\$796.50 for the term of the lease.

PRC 2757.1

\$11,442 per year.

PRC 3453.1

\$75,000 per year with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

OTHER PERTINENT INFORMATION:

1. Assignee owns the uplands adjoining the lease premises.
2. Tesoro Petroleum Corporation has provided a Guarantee for the performance of the lease obligations of its subsidiary, Tesoro Refining and Marketing Company.
3. Staff of the Commission has reviewed the financial statements for the last two years and determined Tesoro Petroleum Corporation has the means to provide financial assistance for any incidents that may occur.
4. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq., but such activity will not affect those significant lands.
5. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060(c)(3) and 15378.

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EXHIBITS:

- A. Location Map
- B. Land Description – PRC 2757.1
- C. Land Description – PRC 3453.1
- D. Land Description Plat – PRC 1558.1
- E. Land Description – PRC 731.1
- F. Guaranty

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ., BUT THAT SUCH ACTIVITY WILL HAVE NO DIRECT OR INDIRECT EFFECT ON THOSE RESOURCES FOR WHICH SUCH LANDS ARE IDENTIFIED.

AUTHORIZATION:

AUTHORIZE THE ASSIGNMENT OF LEASE NOS. PRC 731.1, 1558.1, 2757.1, & 3453.1, A GENERAL LEASE - INDUSTRIAL USE AND DREDGING, OF SOVEREIGN LANDS SHOWN AND DESCRIBED ON EXHIBITS A THROUGH E ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, FROM ULTRAMAR, INC. TO TESORO REFINING AND MARKETING COMPANY, EFFECTIVE MAY 17, 2002.